

Comments on the Drain on the Chinese Economy Resulting  
from Prolonged Resistance Activities in Tibet

1. Prolonged resistance activity in Tibet would not in our judgment significantly affect the over-all economy of Communist China. As noted below certain parts of the economy would be affected more than others, but even in these cases the drain on resources could be readily met.

2. The Chinese may have doubled the number of troops in Tibet since the uprising of March 1959 and this redeployment probably involved troops who had been at least partially working on civilian construction projects. There was, however, relatively little diversion of civilian manpower, and no general mobilization of civilians into the armed forces, because the Tibetan operation involves primarily military personnel who can be drawn from the existing Chinese Communist army. Because of distance and terrain, much greater economic effort is required to provide troops in Tibet with food and other supplies than would be required to support the same troops in most other areas of China, and these additional economic efforts -- including the building up of inventories -- in effect reduce the amount of food and other supplies available for civilian use or for export. Resistance activity probably has created some disruption of production activities in Tibet and prolonged resistance might bring further dislocations. If production of goods exported to China were involved, there would be an economic loss to the Chinese economy. But, exports to China from Tibet are negligible -- borax is the only significant Tibetan product sent to China. Food and clothing might have to be shipped to supply Tibetans not involved in resistance activities, but these supplies would probably be relatively small. In any case, the burden of further interruptions in the Tibetan economy would fall mainly on the Tibetans themselves.

3. Additional trucks were needed after March 1959 by the troops in Tibet and for the road transport of goods to Tibet, but it is believed that these trucks came primarily from military units in other parts of China. Some of these trucks probably were being used

in construction, agriculture, and industry, and their transfer involves a loss to the economy. In the unlikely event that large numbers of civilian trucks were needed in the future, most of them would come from eastern areas; in eastern areas, which have shorter average hauls, primitive transport can most readily replace truck transport. Estimated total requirements of petroleum products to supply the present augmented number of Chinese troops in Tibet and to meet other needs for the road transport of goods to Tibet are about 200,000 tons per year, an increase of perhaps 50 percent above the requirements in 1958. The increase in requirements of petroleum products is only about 1 percent of the total availability of petroleum products in China in 1959, including imports. Increased requirements of this size, however, are significant in view of the fact that China is currently importing about one-half of total requirements of petroleum products.

4. Prolonged resistance activities in Tibet might lead China to expand construction of roads and airfields in and around Tibet and to begin the planned railroad line from Goliso to Lhasa. These construction activities could represent a drain on the Chinese economy if there is a diversion of resources from other important projects. These roads and airfields could be constructed primarily from local materials and with military labor. In addition it is believed that construction of the railroad line to Lhasa is in a very early planning stage and that construction work will not begin for many years. If construction of this line were begun in the near future, it would involve some diversion of rails which are in short supply from other important railroad construction.